Drummond Strategic Series

DS90

Quarterly Review – June 2026

MARKET OVERVIEW

Easing tensions and broadening leadership drive the quarterly rebound

Global equity markets rose 15.3% over the June quarter, with sentiment recovering sharply as the Iran conflict moved toward resolution. A ceasefire between the US and Iran reopened the Strait of Hormuz, easing fears of prolonged energy supply disruption. However since quarter end, tensions have flared again, underscoring how fragile the underlying truce remains.

Major central banks maintained a hawkish focus on containing inflation, with both the European Central Bank (ECB) and Bank of Japan (BoJ) raising interest rates, while new Fed Chair Kevin Warsh struck a hawkish tone on price stability. Equity issuance was a standout theme, headlined by SpaceX's US$86 billion IPO, the largest in history, and Alphabet's landmark US$85 billion equity raise to fund AI and global computing infrastructure.

Emerging markets outperformed the US over the quarter, returning 24.1% versus 15.2%, as a rebound in Asian technology and semiconductor names drove gains. Leadership broadened as the quarter progressed, with small-caps and equal-weighted indices outpacing mega-cap technology in June, as scrutiny intensified over the payoff on AI-related capital spending. Energy prices swung sharply, despite an early surge in the quarter, with crude oil falling 31.4% as the prospect of peace in the Middle East gained momentum.

Australian equities rose 4.0%, lagging global peers as domestic headwinds, including RBA interest rate hikes and federal budget tax changes affecting capital gains, negative gearing and trusts, weighed on sentiment. Consumer discretionary was the standout performer, gaining 20.7% over the quarter, with healthcare remaining a laggard although saw a strong rebound late in the quarter, but still finished down 4.0%.

Australian government bonds rose 2.7% as inflation prints came in below expectations and the RBA held rates steady after three consecutive hikes. US Treasuries gained 0.4%, also supported by easing inflation concerns as energy prices retreated. High-yield and investment-grade credit both advanced, returning 2.1% and 1.3% respectively, as spreads tightened over the quarter.

The Australian dollar appreciated 0.4% against the US dollar, giving back some gains late in the period, as a stronger US currency, higher yields and lower commodity prices weighed on the local dollar.

MARKET REVIEW

Asset Class/Index	3 Months	6 Months	1 Year
Global & Regional Equities			
MSCI World All Countries	15.3%	12.4%	26.0%
S&P/ASX 200	4.0%	2.4%	6.1%
MSCI Emerging Markets	24.1%	24.0%	44.2%
S&P 500	15.2%	10.2%	22.3%
Nasdaq Composite	21.6%	13.1%	29.5%
Euro Stoxx	15.2%	12.4%	23.3%
Topix	14.4%	18.6%	43.3%
Property and Infrastructure			
Australian Property	14.8%	-2.8%	-2.0%
International Property	11.5%	11.2%	15.1%
Global Infrastructure	2.7%	9.9%	12.4%
Fixed Income			
Australian Bonds	2.7%	2.1%	0.4%
US Bonds	0.4%	0.4%	2.8%
Emerging Market Bonds	3.9%	2.2%	9.1%
High Yield Credit	2.1%	1.7%	5.1%
Investment Grade Credit	1.3%	0.9%	4.1%
Foreign Exchange			
US $ / Australian $	0.4%	2.6%	4.9%
Australian $ / UK Pound	-0.1%	-4.2%	-8.1%
Commodities			
S&P GSCI Commodity TR	-11.4%	24.1%	30.4%
Crude Oil-WTI	-31.4%	23.2%	6.4%

PORTFOLIO PERFORMANCE AND REVIEW

Diversification and positioning cushioned the impact of macro volatility and sector weakness

PORTFOLIO PERFORMANCE & RISK

PERFORMANCE*	3m	6m	1yr.	3yr	5yr	S.I.(p.a.)	Vol.(p.a.)	Return/Risk	Max DD
Drummond Strategic 90	10.4%	7.0%	12.9%	12.0%	7.4%	8.8%	10.2%	0.86	-16.8%
FE AMI Mixed Asset – Aggressive	7.8%	4.4%	10.0%	11.4%	7.4%	8.2%	10.6%	0.77	-18.6%
Difference	*2.6%*	*2.6%*	*2.9%*	*0.6%*	*0.0%*	*0.6%*	*-0.4%*	*0.09*	*1.8%*

PERFORMANCE - FINANCIAL YEAR

	FY20*	FY21	FY22	FY23	FY24	FY25	FY26
Drummond Strategic 90	-2.2%	25.7%	-5.9%	8.2%	13.3%	9.8%	12.9%
FE AMI Mixed Asset – Aggressive	-6.4%	26.1%	-7.1%	11.5%	12.0%	12.1%	10.0%
Difference	*4.2%*	*-0.4%*	*1.2%*	*-3.3%*	*1.3%*	*-2.3%*	*2.9%*

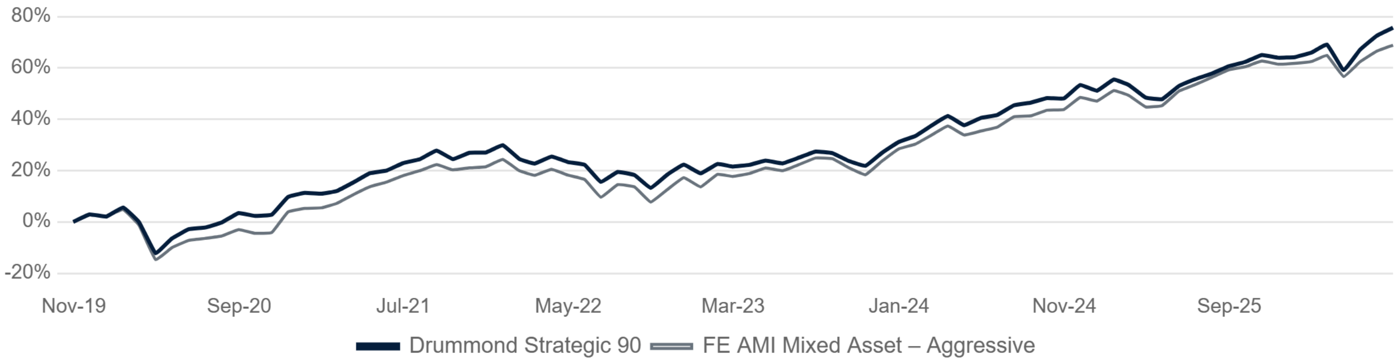
**Past performance is not a reliable indicator of future performance. *Partial year.*

Over the quarter the DS90 Portfolio rose 10.4%*. This was ahead of the FE AMI Aggressive peer index that increased 7.8% for the quarter. The portfolio continues to outperform the institutional peer group over the longer term as can be seen in the performance chart below.

The portfolio outperformed its peer benchmark in the face of global economic growth coming under pressure from the situation in the Middle East, still heightened energy prices relative to long-term averages and ongoing trade disputes. Corporate earnings have nonetheless proven resilient, underpinning market strength through the quarter, with Australian equities rising 4.0% while global equities significantly outpaced up 15.3%. This benefitted the portfolio's structural overweight to global equities relative to Australian equities and was a key contributor to relative performance over the period, with both passive and active allocations within the global equity sleeve delivering double digit returns. Emerging markets (EM) were a standout, up 24.1%, as the region increasingly mirrors the US market's technology-led leadership, with AI-driven enthusiasm continuing to drive returns at the top end of the index.

Infrastructure continued to contribute positively to overall portfolio returns, though it lagged other growth assets which gathered momentum as signs of conflict de-escalation emerged. Both Australian and global REIT allocations were positive contributors over the period, delivering 14.8% and 11.5% respectively, with A-REITs rebounding strongly following a period of underperformance. Corporate debt continued to be a solid performer, with coupon income remaining a steady and consistent contributor throughout the quarter.

PERFORMANCE SINCE INCEPTION



CONTRIBUTION TO RETURN

3 Months

Asset Name	(%)
Top 5	
iShares Hedged International Equity Index Fund	+2.62%
Arrowstreet Global Equity Fund	+1.30%
Solaris Core Australian Equity Fund (Performance Alignment)	+0.99%
iShares International Equity Index Fund	+0.98%
Vanguard FTSE Asia ex Japan Shares Index ETF	+0.85%
Bottom 5	
Realm Short Term Income Fund	+0.02%
Cash	+0.02%
Vanguard Cash Reserve Fund	+0.03%
Janus Henderson Diversified Credit Fund	+0.06%
Eley Griffiths Group Small Companies Fund	+0.10%

12 Months

Asset Name	(%)
Top 5	
iShares Hedged International Equity Index Fund	+4.03%
Arrowstreet Global Equity Fund	+1.87%
Solaris Core Australian Equity Fund (Performance Alignment)	+1.34%
Vanguard FTSE Asia ex Japan Shares Index ETF	+1.30%
ClearBridge Global Infrastructure Income Fund (Hedged) (Class A)	+1.06%
Bottom 5	
UBS CBRE Property Securities Fund	-0.25%
GQG Partners Global Equity Fund (Hedged)	-0.16%
Quay Global Real Estate Fund	-0.08%
DNR Capital Australian Equities High Conviction Fund	-0.02%
CC Sage Capital Absolute Return Fund	+0.01%

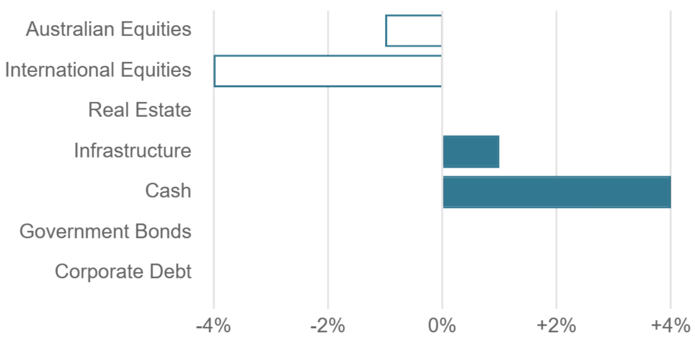
PORTFOLIO CHANGES AND POSITIONING

Reduced growth to neutral for the quarter, trimming equities in favour of cash

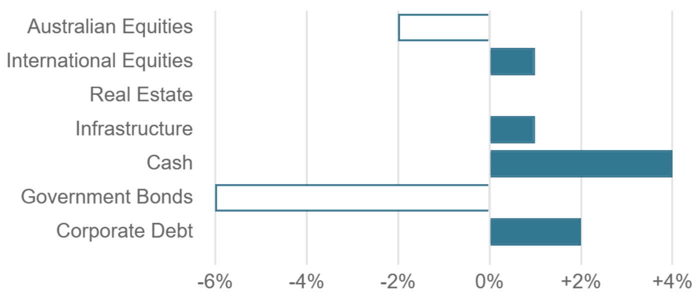
We trimmed positioning back to neutral growth, following a strong run in global and emerging market equities, spreading the reduction across top performers and positions more exposed to elevated oil prices. Reductions in both Australian equities via Solaris Core Australian Equity Fund and global equities including Arrowstreet Global Equity Fund, were reallocated to cash via the Vanguard Cash Reserve Fund.

We retain a preference for global over Australian equities. Overweights are maintained in infrastructure, continuing to be supported by favourable sector tailwinds, and corporate credit on account of constructive issuance activity and strong corporate fundamentals, while an overweight to cash results from latest positioning. We remain neutral in REITS and maintain a strong underweight to government bonds.

PORTFOLIO CHANGES OVER THE QUARTER



ASSET ALLOCATION VS. SAA



Portfolios are neutral growth, with an overweight to global equities partly offset by underweight to Australian equities, whilst retaining overweights to infrastructure and corporate debt

PORTFOLIO HOLDINGS

Asset Class	Fund	Weight %
Australian Equities	iShares Australian Equity Index Fund	14.0%
	Solaris Aust Equity Fund (Perf Aligned)	9.0%
	DNR Aust Equities High Conviction Fund	5.5%
	Eley Griffiths Group Small Companies Fund	3.5%
International Equities	iShares Hedged International Equity Index Fund	19.0%
	iShares International Equity Index Fund	8.0%
	Arrowstreet Global Equity Fund	6.5%
	Life Cycle Global Share Fund - Class H (Hedge...	5.5%
	Vanguard FTSE Asia ex Japan Shares Index E...	3.0%
	American Century Global Small Cap Fund	2.0%
	iShares MSCI Japan ETF	2.0%
	Yarra Global Small Companies Fund	2.0%
Real Estate	UBS CBRE Property Securities Fund	2.0%
	Quay Global Real Estate Fund	2.0%
Infrastructure	ClearBridge Global Infra Income Fund (Hedged)	6.0%
Cash	Vanguard Cash Reserve Fund	5.0%
	Cash	1.0%
Corporate Debt	Janus Henderson Diversified Credit Fund	3.0%
	Realm Short Term Income Fund	1.0%

TOP 10 GLOBAL EQUITY EXPOSURE

Security	Weight %
Nvidia Corp ORD	1.8%
Apple Inc ORD	1.5%
Microsoft Corp ORD	1.1%
Amazon.com Inc ORD	1.0%
Alphabet Inc Class A ORD	1.0%
Alphabet Inc Class C ORD	0.6%
Meta Platforms Inc ORD	0.5%
Taiwan Semiconductor Manufacturing Co LT...	0.4%
Tesla Inc ORD	0.4%
Broadcom Inc ORD	0.3%

TOP 10 DOMESTIC EQUITY EXPOSURE

Security	Weight %
BHP Group LTD	3.3%
Commonwealth Bank Of Australia	2.3%
National Australia Bank LTD	1.2%
Macquarie Group LTD	1.1%
ANZ Group Holdings LTD	1.0%
Westpac Banking Corp	0.9%
Woodside Energy Group LTD	0.8%
RIO Tinto LTD	0.8%
Aristocrat Leisure LTD	0.7%
CSL LTD	0.7%

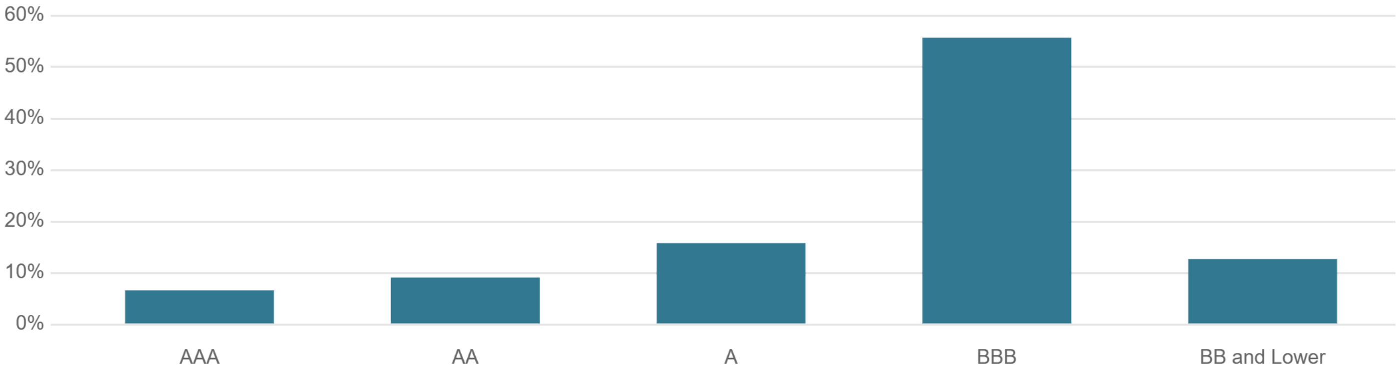
GLOBAL EQUITY REGION EXPOSURE VS. BENCHMARK

Source: Drummond Capital Partners, Fund Managers

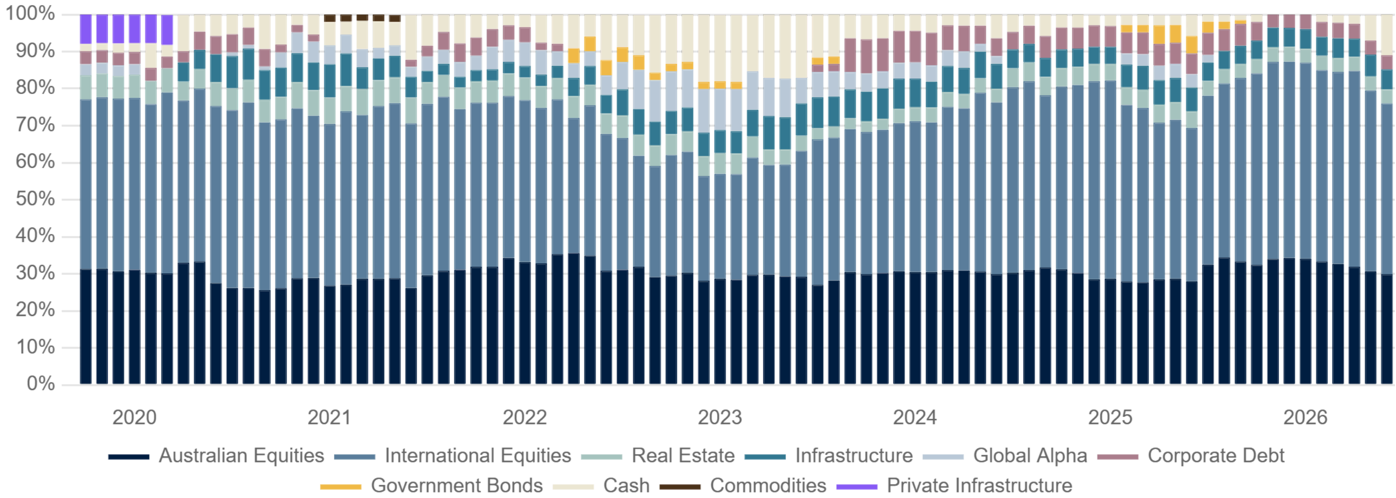
AUSTRALIAN EQUITIES SECTOR EXPOSURE VS. BENCHMARK

Source: Drummond Capital Partners, Fund Managers

CREDIT GRADE EXPOSURE



HISTORICAL PORTFOLIO ASSET ALLOCATION



OUTLOOK

Earnings resilience offsets Middle East fragility, whilst hawkish policy pivot and AI capex continue to influence

The fragile US-Iran situation is expected to remain a key focal point for markets, with developments likely to continue swinging between escalation and de-escalation, warranting close monitoring. Oil prices are likely to stay elevated relative to pre-war levels, a dynamic expected to provide a tailwind to energy sector earnings while acting as a modest drag elsewhere, with cost impacts typically flowing through the broader market with a lag of two to three quarters.

Corporate earnings momentum is expected to remain a key source of strength for markets. Consensus expects S&P 500 earnings growth of 26.2% this quarter, the highest going into an earnings season outside of post-recession recoveries, supported by an expected rebound in global manufacturing activity and continued strength in AI-related capital expenditure. Hyperscaler spending is on track to reach ~US$700 billion this year, up ~70% on 2025, and profit margins across the AI supply chain are holding steady despite the scale of investment. Importantly, earnings strength is no longer confined to a handful of mega-cap names. For instance, financials have benefited from AI-driven financing demand and capital markets activity, while industrials have been buoyed by data centre capital spending. This points to a genuine broadening of earnings support across the market.

Monetary policy is likely to remain a key swing factor for markets. Markets now anticipate a rate hike from the US Federal Reserve under new Chair Kevin Warsh, a reversal from the two to three cuts priced at the start of the year, while the RBA, the ECB and BoJ are each expected to maintain a similarly hawkish bias. While this shift reflects encouraging resilience in labour markets, it also raises the stakes for the AI sector, whose substantial and growing capital requirements leave it particularly sensitive to a rising discount rate environment. Given AI's outsized contribution to market performance, any moderation in capital spending could have considerable flow on effects to broader growth prospects.

With this backdrop of elevated geopolitical risk, sticky inflation, central banks showing a hawkish bias, and policy uncertainty, we favour a neutral growth stance, balancing resilient earnings momentum against the risk of a higher discount rate environment. We continue to prefer global over Australian equities, supported by structural growth themes, while overweights to infrastructure and corporate credit remain underpinned by favourable tailwinds and fundamentals. Cash is held at overweight to preserve flexibility and capitalise on opportunities swiftly.

Regards,

The Drummond Capital Partners team

*Inception date is 1/11/2019. Source: BT Panorama. Returns are calculated from the model portfolio and are net of underlying investment manager fees only. They exclude platform administration fees, portfolio management fees, adviser service fees and transaction costs, which will reduce your returns.

Your actual return will differ depending on the timing of your investment, your cash flows and the fees applicable to you. Returns over one year are annualised. Past performance is not a reliable indicator of future performance.

Peers represent a composite of Institutional multi-asset funds. Any peer index or benchmark shown is for comparison only, may be calculated on a different fee basis, and may differ in investment objectives, asset allocation and risk profile.

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